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SUBJECT: AMBASSADOR ROONEY'S MEETINGS IN BRUSSELS

REF: A. DUBLIN 412
[1](#)B. DUBLIN 361
[1](#)C. DUBLIN 360

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Classified By: Ambassador Daniel M. Rooney. Reasons 1.4(b/d).

[1](#)1. (C) SUMMARY: On September 30, Ambassador Rooney met with Ireland's Permanent Representative to the EU, Rory Montgomery, and separately with Irish European Commissioner Charlie McCreevy (Internal Market and Services). In wide-ranging discussions about the EU and Ireland, the Ambassador and his interlocutors touched on the October 2 Lisbon Treaty referendum and who might get the new top jobs in the EU if Lisbon comes into effect, possible Irish candidates for the 2009-2014 European Commission, the EU and the G-20, the National Asset Management Agency (NAMA), and the upcoming budget debate in Ireland. END SUMMARY.

LISBON: "'YES'" WILL WIN

[1](#)2. (C) Both Montgomery and McCreevy were confident the "yes" vote would win out in the October 2 Lisbon Treaty referendum (ref A). Montgomery, while predicting about a 60-40 spread in favor of Lisbon, cautioned that everyone he talks to is pro-Lisbon. Continuing in that vein, Montgomery noted the "disturbing gulf" on Lisbon that he said seemed to be manifesting itself between the pro-Lisbon elites and lower-income groups, as well as between the pro-Lisbon 40-and-up age groups and the young. Montgomery worried that these splits could be a symptom of an increasingly divided Irish society.

WHO MIGHT FILL NEW EU JOBS?

[1](#)3. (C) If Lisbon passes and goes into effect, Montgomery said, one of the first questions the EU would face would be who would fill the new top EU jobs foreseen in the treaty. He said former British PM Tony Blair was the top candidate for the new post of President of the European Council, for lack of other viable candidates of that stature. If Blair did go for the post, said Montgomery, Ireland would be obliged to support him in recognition of his extraordinary efforts as PM to bring peace to Northern Ireland.

[1](#)4. (C) Montgomery said there were several candidates for the new "EU Foreign Minister" post. He first mentioned Finnish Commissioner for Enlargement Olli Rehn, who he characterized as low-key but competent and well respected. Montgomery said also that Swedish Foreign Minister Carl Bildt was a viable candidate, along with former Commissioner for External Relations Chris Patten. Since Patten is British, cautioned Montgomery, Patten would be considered only if his compatriot Tony Blair were not named to the President post.

NEXT IRISH EU COMMISSIONER?

15. (C) Montgomery and McCreevy also analyzed how the Irish nominee for the 2009-2014 European Commission would be chosen. McCreevy, a current Commissioner, said that one complicating factor was uncertainty as to when or if Lisbon would go into effect. If Czech President Vaclav Klaus delays further his signing of the treaty, Lisbon's status could remain unclear for months beyond the Irish referendum (reftels). McCreevy speculated that, regardless of whether Lisbon's status is resolved within the next few months, the EU would probably soon call for one nominee from each member state, as foreseen by Lisbon under the agreement between Ireland and the rest of the EU. Both of our interlocutors stressed that Prime Minister Cowen would be the key decision-maker in nominating the next Commissioner, and that Cowen would first face a difficult decision. Montgomery put it as follows: as a "matter of the heart," Cowen would prefer to nominate someone from his own party, the centrist Fianna Fail (FF); however, as a "matter of the head," Cowen's choices in FF were all members of parliament -- and nominating a member of parliament would require a by-election in that member's constituency that FF would likely lose. With a tenuous hold on a slim majority of seats in parliament and sagging poll numbers, said our interlocutors, Cowen and his FF could ill afford the risk of a by-election.

16. (C) On who the Commissioner nominee might be, McCreevy professed to be uninvolved in the process, but speculated that FF nominees might be Minister for Transport Noel Dempsey, Vice Prime Minister and Minister for Trade, Enterprise and Employment Mary Coughlan, or Minister for

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Health Mary Harney (NOTE: Harney is not a member of FF, but as a cabinet member she is nevertheless key to FF's continued hold on power. END NOTE.) While McCreevy professed not to know who the nominee might be if Cowen went outside FF, Montgomery mentioned former European Parliament President Pat Cox, who has also been a very visible pro-Lisbon campaigner. Montgomery said a less likely, but possible candidate was Ambassador to the U.S. John Bruton, a former Prime Minister and leading figure in the primary opposition party Fine Gael.

SMALLER EU MEMBERS' G-20 WORRIES

17. (C) During a discussion of the Ambassador's attendance at the September 24-25 G-20 summit in his hometown of Pittsburgh, Montgomery remarked that mid-sized EU states, such as Poland, were concerned that G-20 members Great Britain, France, Germany and Italy "might not stick to the EU script" on financial and economic issues in the still relatively new and untested G-20 forum, thus lessening the influence of EU states who help decide EU positions within the EU but are left without direct representation in the G-20.

BAD BANKS AND BUDGET IN IRELAND

18. (C) On the upcoming establishment of the National Asset Management Agency (NAMA) that would buy and manage bad loans from banks, and the budget debate coming in December for a fiscally strapped Ireland (refs B-C), Montgomery (STRICTLY PROTECT) said that the EU was watching closely. He said NAMA might prove to be a laboratory for other EU member states who could find themselves forced to stave off bank collapses with a similar policy. The same went for the budget, he said, with other EU member states facing the need to make budget cuts that would be as drastic and painful as those Ireland would be facing in December. Montgomery argued that the

biggest cuts would come in public sector salaries, with Ireland (like other EU member states) paying "too many" civil servants "too much" to provide public services that could be provided for much less. Other cuts, said Montgomery would be much more difficult and require perhaps more political will than could be mustered. On NAMA and the budget, McCreevy, an ex-Finance Minister said simply that his experience taught him that the government needed to act quickly to keep the public and press from dwelling on the negative. "If you wait," he said, "it'll only get worse."

ROONEY